

DRAFT SANITATION POLICY

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This policy is as per the Department of Water & Sanitation Economic Regulation Unit: Schedule 2: Norms and Standards in respect of tariffs for sanitation services supplied directly to consumers, 9 October 2015 Number 39411.

1. Definitions

Any word or expression to which a meaning has been assigned shall bear that meaning and, unless the context otherwise indicates:

Basic sanitation facility means the infrastructure necessary to provide a sanitation facility which is safe, reliable, private, protected from the weather and ventilated, keeps smells to the minimum, is easy to keep clean, minimizes the risk of the spread of sanitation related diseases by facilitating the appropriate control of disease carrying flies and pests, and enables safe and appropriate treatment and/or removal of human waste and wastewater in an environmentally sound manner.

Basic sanitation service means the provision of a basic sanitation facility which is easily accessible to a household, the sustainable operation of the facility, including the safe removal of human waste and wastewater from the premises where this is appropriate and necessary, and the communication of good sanitation hygiene and related practices.

Disposal of industrial effluent means the collection, removal and or treatment of effluent emanating from industrial use of water suitable to be returned to the water resource or reused.

Effluent includes domestic, effluent, domestic sludge or industrial effluent where-

- i. Domestic effluent is wastewater arising from domestic and commercial activities and premises, which may contain sewage; and
- ii. Industrial effluent is wastewater arising from industrial activities and remises, including contaminated storm water drainage from industrial premises.

Fixed charge means a constant charge for sanitation services levied for any determined period irrespective of the actual amount of effluent discharged or disposed of.

Free basic sanitation, also referred to as FBSan, involves providing free access to both the capital payments relating to the installation of the sanitation facility, rehabilitation costs (also a capital item) and subsidizing the ongoing operating costs relating to the provision of the service.

Industrial wastewater means wastewater arising from mining, manufacturing, electricity generation, land-based transport, construction or any related activities.

Reticulation refers to all pipe systems, pumping systems, and components that contribute to the distribution of water, and collection and disposal of wastewater in waterborne sanitation.

Ring-fencing is a legal or financial arrangement for separating the management, activities, assets and liabilities, revenues, costs, and surpluses of the water and sanitation function from the other municipal functions, including:

1. The separation of budgets and financial accounts;
2. The separation of management accountability;
3. The consistent application of rules for utilizing surpluses or profits; and
4. The consistent application of rules for cost/revenue attribution and for an appropriate allocation of common or joint municipal costs, including overhead costs.

In the context of these norms and standards, ring-fencing means that the water and sanitation services as a separate accountable entity or 'fenced-off' from the other municipal functions.

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Sanitation services means the collection, removal, disposal, treatment of human excreta and domestic wastewater, and the collection, treatment and disposal of industrial wastewater, sewage and effluent resulting from the use of water for commercial purposes.

- a. Off-site or reticulated sanitation refers to a system of sanitation where human waste is removed from the household or plot by a reticulation system, and transported to a sewage treatment works; and
- b. On-site sanitation refers to the treatment and disposal of human waste on the property that it was generated and through a process that is not connected to a reticulated system, and includes pit latrines, ventilated improved pit latrines (VIPs) and urine diversion (UD) toilets.

Seasonal tariffs means a higher than normal tariff or a temporary surcharge that a Mogale City Local Municipality will may impose during months in which a higher than average peak effluent discharges into wastewater services works is normally experienced in order to manage the capacity of its wastewater services works.

Sewage is the subset of wastewater that is contaminated with human faeces or urine.

Surplus means an excess of revenue over cost on a Mogale City Local Municipality will's operating budget.

Wastewater means water that runs off after the use of water for domestic, commercial, industrial or other purposes.

Wastewater or sewage treatment works is a structure designed to remove biological or chemical waste products from water, thereby permitting the treated water to be discharged into a water course or the sea or to be used for other purposes.

2. Purpose of the policy

A Mogale City Local Municipality will must set its sanitation tariffs so that its revenue, inclusive of all account transfers and grants allocated to sanitation services, is sufficient to recover all reasonable costs directly and indirectly associated with the operation, maintenance, refurbishment and development of sanitation services, sanitation services customer care and all costs associated therewith, payment required to redeem its sanitation services related loans over a reasonable period and a net surplus of a minimum of 6% per annum.

3. Description of the services provided

Sanitation services means the collection, removal, disposal, treatment of human excreta and domestic wastewater, and the collection, treatment and disposal of industrial wastewater, sewage and effluent resulting from the use of water for commercial purposes.

- Off-site or reticulated sanitation refers to a system of sanitation where human waste is removed from the household or plot by a reticulation system, and transported to a sewage treatment works; and
- On-site sanitation refers to the treatment and disposal of human waste on the property that it was generated and through a process that is not connected to a reticulated system, and includes pit latrines, ventilated improved pit latrines (VIPs) and urine diversion (UD) toilets.

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4. Description of the types of consumers served, as referred to in the tariff schedules

4.1 Household sanitation services

Basic sanitation service means the provision of a basic sanitation facility which is easily accessible to a household, the sustainable operation of the facility, including the safe removal of human waste and wastewater from the premises where this is appropriate and necessary, and the communication of good sanitation hygiene and related practices.

4.2 Industrial sanitation services

Disposal of industrial effluent means the collection, removal and or treatment of effluent emanating from industrial use of water suitable to be returned to the water resource or reused. Reference is made to Annexure A.

4.3 Sanitation services other than for households or industries

Previous Mogale City Local Municipalities sanitation tariff included:

- Additional sewerage fixed usage 30kl/month and
- Basic charges per m².

It should be noted that Sanitation charges will now be calculated according to the size of the property as indicated below. Free sanitation will be applicable to all registered indigents.

TYPE	CHARGE TYPE (SIZE OF PROPERTY)
Size of Stand	0 – 350 m ² 351 - 1000 m ² 1001 – 1400 m ² > 1401 m ²
Additional Levy	Residential customers
Levy • Business • Industries • Hotel • Private Hospital • Private Schools	Additional sewage prior year to date average kl usage / month
Levy: • Government Schools • NGO • Public Hospital Consumer	Additional sewage prior year to date average kl usage / month
Vacant Stand	Basic Sewerage Fixed Usage 30kl / month
Effluent	Residential 1 Residential 2 Residential 3 Residential 4 Business 1 Business 2 Business 3 Schools, Churches, Government, Municipal Institutions Old Aged Homes, Hospital (medical facilities), Residences, Hostels

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	Commercial, Trade/Industrial (Deemed effluent from water consumed = 85%)
Vacuum Tanker services Tariffs	Removal of soil-water and wastewater within 15km from Town Hall • Sewage per kl hauled • Sewage per hole Removal of soil and wastewater 15km from Town Hall • Sewerage per kl hauled • Sewerage per hole • Industrial effluent per kl hauled • Industrial effluent per hole • Council purposes per kl hauled • Council purposes per hole • Outside the jurisdiction per kl hauled • Outside the jurisdiction per hole

Reference is made to Annexure B.

5. **Description of the levels of service provided**

A Mogale City Local Municipality will must, when setting tariffs for providing sanitation services to consumers for households use, differentiate, where applicable, between at least the following levels of service-

- The supply of an on-site sanitation service to households; and
- The supply of a reticulated sanitation service to households.

6. **An explanation of what costs are included when calculating tariffs, and how those costs have been allocated between services (this is particularly relevant for overhead costs)**

6.1 Tariffs for residential sanitation services

- A Mogale City Local Municipality will may not use transfers and grants intended for providing basic sanitation services to subsidise the provision of sanitation services above the level of free basic sanitation.
- A Mogale City Local Municipality will must structure tariffs for providing sanitation services to consumers for mainly household use in a way that takes into account:
 - The viability and sustainability of sanitation services;
 - The affordability of basic sanitation to poor households; and
 - Incentives to reduce the wasteful or inefficient water use in conveying sewage.
- The requirements for 1b are deemed to have been met where:-
 - A Mogale City Local Municipality will ensures that poor households are not denied access to basic sanitation services because of their inability to pay for such services.
 - A Mogale City Local Municipality will provides households included on the indigent register with free basic sanitation.
 - Notwithstanding cii, a Mogale City Local Municipality will may define specific on-site sanitation components of the basic sanitation facility that remain the responsibility of the household, and the household remains responsible for paying for those components.
 - The sanitation tariff is set as a charge on a percentage of the volume of water provided for households who are connected to a reticulation

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- system that supplies each household with water through an individually metered connection; and
- v. The percentage of the volume of water provided on which the sanitation tariff is charged in civ may be set at a different percentage for each water tariff block.
- vi. 15% VAT will be included.

6.2 Tariffs for industrial services

- a. A Mogale City Local Municipality will must structure tariffs for sanitation services to consumers who primarily discharge industrial effluent to a wastewater treatment works in a way that takes into account:
 - i. The viability and sustainability of sanitation services;
 - ii. Incentives to reduce the wasteful or inefficient water use in conveying effluent;
 - iii. The cost of treating specific chemical and physical properties of the effluent discharged;
 - iv. The environmental harm caused by the effluent discharged; and
 - v. The need to encourage consumers that discharge industrial effluent to install primary treatment on all wastewater discharge facilities.
- b. The requirements of 2a are deemed to have been met where:
 - i. Industrial effluent discharge tariffs are recovered through a flat rate charge on the volume of effluent discharged into the wastewater treatment works; and
 - ii. An additional charge is applied for excess concentrations of specific chemicals in the effluent or other adverse physical characteristics of the effluent discharged into the sewage treatment works.
- c. A Mogale City Local Municipality will may not subsidise tariffs for sanitation services to consumers who primarily discharge industrial effluent to a wastewater treatment works unless the consumer is a small, micro or medium enterprise.
- d. 15% VAT will be included.

6.3 Tariffs for sanitation services other than for households or industries

- a. A Mogale City Local Municipality will must structure tariffs for sanitation services to consumers who primarily use sanitation services for a use other than those identified in 1 and 2 in a way that takes into account:
 - i. The viability and sustainability of sanitation services; and
 - ii. Incentives to reduce the wasteful or inefficient water use in conveying sewage;
- b. The requirements of 3a are deemed to have been met where the sanitation tariff to consumers who are connected to a reticulation system that supplies water to each consumer through an individually metered connection, is set as a charge on a percentage of the volume of water provided.
- c. A Mogale City Local Municipality will may not subsidise tariffs for sanitation services to consumers, other than domestic consumers, unless the consumer is a small, micro and medium enterprise.
- d. 15% VAT will be included.

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7. Strategic decisions made when setting the tariffs and the likely implication of these strategic decisions for the tariffs

Revenue requirements to provide sanitation services on a sustainable basis

- a. A Mogale City Local Municipality will must set its sanitation tariffs so that its revenue, inclusive of all account transfers and grants allocated to sanitation services, is sufficient to recover:
 - i. All reasonable costs directly and indirectly associated with the operation, maintenance, refurbishment and development of sanitation services, sanitation services customer care and all costs associated therewith;
 - ii. Payments required to redeem its sanitation services related loans over a reasonable period;
 - iii. A net surplus per annum will be in line with the percentage proposed by the Executive Management Committee, Finance Portfolio and subsequently approved by Council.
- b. Reasonable costs referred to in 1ai includes:
 - i. Employee related costs;
 - ii. Debt impairment;
 - iii. Depreciation and asset impairment;
 - iv. Finance charges;
 - v. Bulk purchases;
 - vi. Other materials;
 - vii. Contracted services
 - viii. Other expenditure and
 - ix. Indirect costs allocated to the sanitation services function by the Mogale City Local Municipality will
- c. A Mogale City Local Municipality will must determine estimates of the reasonable costs referred to in 1ai and 1b over a period of at least three years in order to provide guidance on multi-year tariff projections.
- d. A Mogale City Local Municipality will must, when estimating the amount to be recovered by tariffs, use a format below.

ITEM
Employee related cost
Remuneration of councilors
Debt impairment
Depreciation and asset impairment
Finance charges
Bulk wastewater charges
Bulk purchases electricity
Other materials
Contracted services
Other expenditure
Loss on disposal of PPE
Sub-Total Costs
Return on capital
Surplus
Total Revenue requirements
Less operational transfers and grants
Other revenue
Tariff revenue requirement

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8. Communication of tariffs

A Mogale City Local Municipality will must, on its official website, disclose the basis for determining its sanitation services tariffs for the current year.

A Mogale City Local Municipality will must on every invoice sent to a consumer, show:

- The first and last date of the period for which the consumer is being billed;
- The water or sewer meter reading, or estimated meter reading, at the beginning and at the end of the period for which the consumer is being billed;
- The water consumed or effluent discharged in each water tariff for the period being billed;
- The sanitation tariff applicable to each water tariff block;
- The amount charged for sanitation in respect of each supply tariff block for the period being billed;
- The amount charged in respect of fixed and other charges for the period being billed;
- Any amount remaining unpaid in respect of previous periods and any interest accrued in respect of any unpaid amounts; and
- The amount charged for sanitation in respect of a flat rate and other charges, date by which amount due must be paid, and methods by which payment may be made.

9. Reviewing of tariffs

Annually – 1 July until 30 June.

Budget process with regards to the formulation and approval of the tariffs for the financial year:??????????

10. Approval

Executive Mayor:	
Signature:	
Date Approved:	
Effective Date:	

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- Additional Penalty:

Effluent strength tariff = Sewage tariff x (Chemical Oxygen Demand of the effluent discharged from the premises – 600) / average Chemical Oxygen Demand of wastewater entering the Wastewater Treatment Works

Effluent means any liquid other than sewage, whether or not containing matter in solution or suspension, which is discharged from any premises into a drainage work but does not include stormwater.

Charges shall be levied in respect of each discharge point for sewage (as defined in the Wastewater By-laws of the Council) whether such discharge point is a drain or the Council's sewage disposal system. It is further noted that the tariffs effective to consumption as from 01 July 2018 and accounts as from those generated in July 2018 on a pro rata basis where applicable, will be levied.

No person may consume, abstract or be supplied with water from the water supply system, or utilize the wastewater disposal system or any other sanitation services unless he or she has applied to the Municipality on the prescribed form for such services and such application has been agreed to by the Municipality.

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TYPE	CHARGE TYPE (SIZE OF PROPERTY)	CHARGE (R)
Size of Stand	0 – 350 m ²	13
	351 - 1000 m ²	38
	1001 – 1400 m ²	53
	> 1401 m ²	54
Additional Levy	Residential customers	248
Levy - Business - Industries - Hotel - Private Hospital - Private Schools	Additional sewage prior year to date average kl usage / month	9
Levy: - Government Schools - NGO - Public Hospital Consumer	Additional sewage prior year to date average kl usage / month	5
Vacant Stand	Basic Sewerage Fixed Usage 30kl / month	5
Effluent	Residential 1	8
	Residential 2	9
	Residential 3	9
	Residential 4	10
	Business 1	10
	Business 2	10
	Business 3	10
	Schools, Churches, Government, Municipal Institutions	9
	Old Aged Homes, Hospital (medical facilities), Residences, Hostels	9
	Commercial, Trade/Industrial (Deemed effluent from water consumed = 85%)	10
Vacuum Tanker services Tariffs	Removal of soil-water and wastewater within 15km from Town Hall - Sewage per kl hauled - Sewage per hole	107 534
	Removal of soil and wastewater 15km from Town Hall - Sewerage per kl hauled - Sewerage per hole - Industrial effluent per kl hauled - Industrial effluent per hole - Council purposes per kl hauled - Council purposes per hole	128 641 196 1069 107 428

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	• Outside the jurisdiction per kl hauled	107
	• Outside the jurisdiction per hole	3563